GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1925
ANSWERED ON:03.08.2001
NAV OF UTI
VIJAY KUMAR KHANDELWAL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government was aware that the Net Assets Value (NAV) of UTI scheme was falling continuously during the lastone year;

(b) if so, the reasons therefor ?

(c) whether some big industrial houses, who had invested huge amounts in the UTI scheme, knew before the annual closing of accounts of UTI that its Net Assets Value (NAV) has fallen;

(d) if so, whether big investors had withdrawn largest amounts of money from US-64 during the last three months;

(e) If so, the details thereof ; and

(f) The remedial steps taken in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : UTI has intimated that there is no consistent trend. Net Asset Value of UTI`s schemes depend upon the market value of their underlying securities. Hence, the NAV of the schemes move in line with market movements. When the stock markets were moving up until March 2001, NAVs showed uptrend. Since then NAVs declined due to fall in the stock market.

(c): US-64 is not an NAV based scheme. UTI has intimated that it is not aware of any industrial houses having known about the NAV of US-64 before annual closing of accounts.

(d) & (e) : Investors other than individuals had withdrawn about Rs. 2484 crores out of total repurchases of the order of Rs.4389 crores during March - May, 2001.

(f) : A decision to suspend sales and repurchases was taken by the Board of Trustees of UTI at its meeting on 2nd July, 2001. However, keeping in view the interests of small unitholders, it was decided on 15th July, 2001 to reopen limited repurchase facility for small investors from August 1, 2001.